



# Procedure file

Basic information		
BUD - Budgetary procedure	2008/2025(BUD)	Procedure completed
2009 budget: first reflections on the 2009 PDB mandate for the conciliation		
Subject 8.70.60 Previous annual budgets		

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	<b>BUDG</b> <a href="#">Budgets</a>		24/01/2008	
		PSE <a href="#">HAUG Jutta</a>		
	Committee for opinion	Rapporteur for opinion	Appointed	
	<b>AFET</b> <a href="#">Foreign Affairs</a>		27/11/2007	
		PSE <a href="#">DE KEYSER Véronique</a>		
	<b>DEVE</b> <a href="#">Development</a>		29/01/2008	
		PPE-DE <a href="#">MARTENS Maria</a>		
	<b>INTA</b> <a href="#">International Trade</a>		The committee decided not to give an opinion.	
	<b>CONT</b> <a href="#">Budgetary Control</a>		The committee decided not to give an opinion.	
	<b>ECON</b> <a href="#">Economic and Monetary Affairs</a>		The committee decided not to give an opinion.	
	<b>EMPL</b> <a href="#">Employment and Social Affairs</a>		The committee decided not to give an opinion.	
	<b>ENVI</b> <a href="#">Environment, Public Health and Food Safety</a>		The committee decided not to give an opinion.	
	<b>ITRE</b> <a href="#">Industry, Research and Energy</a>		31/03/2008	
		PSE <a href="#">FÄRM Göran</a>		
	<b>IMCO</b> <a href="#">Internal Market and Consumer Protection</a>		The committee decided not to give an opinion.	
	<b>TRAN</b> <a href="#">Transport and Tourism</a>		02/04/2008	
		Verts/ALE <a href="#">LICHTENBERGER Eva</a>		
	<b>REGI</b> <a href="#">Regional Development</a>		The committee decided not to give an opinion.	
	<b>AGRI</b> <a href="#">Agriculture and Rural Development</a>		25/02/2008	
	ALDE <a href="#">VIRRANKOSKI Kyösti</a>			
<b>PECH</b> <a href="#">Fisheries</a>		The committee decided not to give an opinion.		
<b>CULT</b> <a href="#">Culture and Education</a>		03/04/2008		
	Verts/ALE <a href="#">TRÜPEL Helga</a>			

	<b>JURI</b> <a href="#">Legal Affairs</a>	The committee decided not to give an opinion.	
	<b>LIBE</b> <a href="#">Civil Liberties, Justice and Home Affairs</a>	The committee decided not to give an opinion.	
	<b>AFCO</b> <a href="#">Constitutional Affairs</a>	The committee decided not to give an opinion.	
	<b>FEMM</b> <a href="#">Women's Rights and Gender Equality</a>	The committee decided not to give an opinion.	
	<b>PETI</b> <a href="#">Petitions</a>	The committee decided not to give an opinion.	
<b>Council of the European Union</b>	Council configuration <a href="#">Economic and Financial Affairs ECOFIN</a>	Meeting <a href="#">2883</a>	Date 17/07/2008
<b>European Commission</b>	Commission DG <a href="#">Budget</a>	Commissioner GRYBAUSKAITĖ Dalia	

### Key events

16/06/2008	Vote in committee		Summary
24/06/2008	Committee report tabled for plenary	<a href="#">A6-0262/2008</a>	
07/07/2008	Debate in Parliament		
08/07/2008	Results of vote in Parliament		
08/07/2008	Decision by Parliament	<a href="#">T6-0335/2008</a>	Summary
08/07/2008	End of procedure in Parliament		
17/07/2008	Draft budget approved by Council		

### Technical information

Procedure reference	2008/2025(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/58979

### Documentation gateway

Committee draft report		<a href="#">PE406.139</a>	19/05/2008	EP
Committee opinion	<b>DEVE</b>	<a href="#">PE405.720</a>	28/05/2008	EP
Committee opinion	<b>TRAN</b>	<a href="#">PE404.622</a>	29/05/2008	EP
Committee opinion	<b>AGRI</b>	<a href="#">PE405.768</a>	29/05/2008	EP
Committee opinion	<b>CULT</b>	<a href="#">PE404.769</a>	04/06/2008	EP
Committee opinion	<b>AFET</b>	<a href="#">PE406.097</a>	04/06/2008	EP

Committee opinion	<b>ITRE</b>	<a href="#">PE404.669</a>	09/06/2008	EP	
Amendments tabled in committee		<a href="#">PE407.750</a>	09/06/2008	EP	
Committee report tabled for plenary, single reading		<a href="#">A6-0262/2008</a>	24/06/2008	EP	
Parliament's opinion on budgetary estimates/guidelines		<a href="#">T6-0335/2008</a>	08/07/2008	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2008)4891</a>	27/08/2008	EC	

## 2009 budget: first reflections on the 2009 PDB mandate for the conciliation

The Committee on Budgets unanimously adopted the report by Jutta HAUG (PES, DE) on the first reflections on the 2009 Preliminary Draft Budget (PDB) and on the mandate for the conciliation, establishing a framework for discussion on the structure of the future budget of the European Union. This first programming text takes account of the changes set to take place in 2009 that will have a major impact on the budget. Some are linked to the entry into force of the Lisbon Treaty (the shift in the EP-Council balance of budgetary power in Parliament's favour) as well as the scrapping of the distinction between compulsory and non-compulsory spending. Others will follow from the 2009 European elections and the end of the present Commission's mandate.

PDB 2009: the PDB amounts to EUR 134 395 million in commitment appropriations and EUR 116 736 million in payment appropriations, leaving a margin of EUR 2 638 million under the ceiling in commitments and EUR 7 443 million in payments. MEPs note that the commitments entered in the 2009 PDB correspond to 1.04% of GNI, which is an overall increase of 3.1% compared to the 2008 budget.

MEPs also take note of the priorities set out by the Commission in the PDB, namely: (i) supporting sustainable growth and job creation; (ii) continuing cohesion policy; (iii) combating climate change, promoting renewable energies and developing an energy policy characterised by independence and security; (iv) developing a common integration policy and creating a common area of justice; (v) supporting the Middle East peace process as well as stability in Kosovo and the wider Balkan region; (vi) supporting the supply of food aid and strengthening the environmental strand of development cooperation.

General reflections: MEPs regret that the 2007-2013 multi-annual financial framework (MFF) and the Interinstitutional Agreement of 17 May 2006 (IIA) allow the available margin under heading 2 (first CAP pillar) to be used only under extremely restrictive conditions, thus preventing the EU from being able to respond flexibly in this area. However, this margin should be usable to realise the Union's new priority objectives, such as the Galileo project. On the whole, MEPs regret the very small margins under the other ceilings of the MFF. Furthermore, they cannot always see a clear correlation between the Commission's political priorities, as described in its Annual Policy Strategy (APS) and the PDB, and they are still not satisfied with the attempts of the Commission to include Parliament's priorities in the PDB. Once again, MEPs request a PDB that is an honest reflection of the budgetary needs to come in the following year. They therefore call on the Commission and the Council to cooperate with a view to taking the necessary decisions to reach a satisfactory level of appropriations for the 2009 budget.

Moreover, MEPs are surprised at the extremely low level of payment appropriations (EUR 116 736 million) proposed by the Commission, given that they amounted to EUR 126 500 million and EUR 129 100 million in 2007 and 2008 respectively.

MEPs examine each of the budgetary headings and make the following observations:

- Sub-heading 1a: MEPs regret the limited margin available in sub-heading 1a and therefore recommend that additional funding be made available. The proper implementation and evaluation of ongoing pilot projects and preparatory actions should be given priority, as should the Small Business Act;
- Sub-heading 1b: MEPs regret the sharp decrease in payments which, compared to 2008, have fallen by 13.9%. They intend to make sure that the necessary resources for cohesion policies will remain guaranteed in order to be able to overcome the challenges to solidarity within the European Union;
- Heading 2: MEPs underline that only 0.5% of appropriations under heading 2 are used for environmental priorities, with the vast majority of funds going to direct aid and to market related expenditure. They recall that the primary goal of the CAP is to guarantee market stabilisation, supply security and reasonable prices for consumers. They therefore call on the EU to foresee, in the 2009 budget, the necessary means to face the new needs arising from the current food crisis. MEPs also emphasise the great difficulties regarding the implementation of the EAFRD (EUR 2 830 million of appropriations remained unspent in 2007 and EUR 1 361 million were carried over to the financial year 2008);
- Sub-heading 3a: MEPs indicate the significant increase (+15%) of this sub-heading which is mainly due to the substantial increase in the appropriations assigned to chapters "Solidarity - External borders, visa policy and free movement of people". They call for an increase in the appropriations assigned to FRONTEX in 2009 to enable it to sustain the commitment to its missions as well as to enable additional funding to fight against illegal immigration, manage legal immigration, integrate third country nationals and strengthen border protection;
- Sub-heading 3b: once again, MEPs regret the small margin under this sub-heading, even though the amount of expenditure is increasing. In particular, they regret that the activities that are important for a citizens' Europe have received the smallest increase, or even suffered a decrease, compared to 2008. They also express their concern about the reductions proposed by the Commission for a number of budgetary lines under which communication activities are financed. From this perspective, MEPs recall that communication has long been an important priority for Parliament and that its role is vital, in particular in view of the upcoming European elections;
- Heading 4: once again, MEPs regret the small increase in this fundamental budgetary heading. They strongly condemn the vague budgeting approach chosen by the Commission which does not take at all into account the realistic needs to be expected in this area and call for a comprehensive revision of the MFF leading to increases in the Heading 4 ceiling for the period 2009-2013. All of the main priorities envisaged by the Commission are under financed (Balkans, Kosovo and Palestine) and no budgetary solutions have

been presented for the financing of these extra needs regarding the CFSP. MEPs draw attention to the food crisis which is developing throughout the world and to the effects of climate change, and stress the need for the EU to be able to honour its commitments. While welcoming the new initiatives regarding climate change and the financing of a Global Energy Efficiency Fund, MEPs consider that the funds available are largely inadequate. They also point out that, since the institutional set-up concerning the High Representative, the President of the European Council and the European External Action Service is not yet determined, the necessary budgetary appropriations should be made available gradually as the scope and the role of the new organisational structures become clearer;

- Heading 5: MEPs note that the overall Administrative Expenditure proposed increases by 5% compared to 2008. While welcoming the new posts requested by the Commission, they reveal that they will scrutinise administrative expenditure in an interinstitutional context in order to investigate the needs of the institutions for 2009 and beyond. MEPs are also concerned by the Commission's outsourcing tendencies.
- Pilot Projects and Preparatory Actions: MEPs regret that, as a general principle, the Commission's PDB does not include any commitments for pilot projects and preparatory actions. They underline that the IIA allows for a total amount for pilot projects of up to EUR 40 million in any budget year and for a total amount for preparatory actions of up to EUR 100 million. They therefore confirm their determination to use the full annual amounts provided for in the IIA, because they consider these projects and actions an indispensable tool for Parliament to pave the way for new policies that are in the interest of European citizens.

MEPs also review the agencies and executive agencies of the Union, noting that Parliament will closely monitor their level of funding.

Conclusions and possible mandate for the Conciliation: MEPs consider the following points to be of specific interest for the budget conciliation due to take place in July:

- adequate level of payments;
- adherence to the principle of sound financial budgeting, in particular as regards a realistic picture of needs in heading 4;
- commitment by the Commission to submit amending budgets that have the mobilisation of these funds as their sole purpose in order to avoid any delay in the delivery of financial aid;
- adequate response to food aid and food security requirements;
- state of play regarding the implementation of Point 44 of the IIA and of the Action Plan towards an Integrated Internal Control Framework;
- sufficient resources for a citizens' Europe;
- provisional intentions of the budgetary authority with regard to pilot projects and preparatory actions;
- clarity of budget presentation, especially concerning administrative expenditure and human resources (including outsourcing of tasks);
- adequate budgetary provision to enable a response to the EU priorities "competitiveness for growth and employment", "combating climate change and promoting a sustainable Europe" and "making a reality of the Common Immigration Policy".

MEPs state that during the forthcoming negotiations with the Council, they will make full use of their powers under the interinstitutional agreement, including the use of the ?legislative flexibility of 5%? if necessary. They highlight the importance of the principle of solidarity, arguing that it must remain one of the EU's guiding principles, particularly for regional and development policy.

Lastly, MEPs strongly deplore the custom of the Council to make across-the-board cuts at its first reading of the Union budget without any precise reasons being provided. They recall that establishing the Union budget is a political act that must fully involve the European Parliament.

## 2009 budget: first reflections on the 2009 PDB mandate for the conciliation

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The European Parliament adopted by 570 votes to 49, with 72 abstentions, a resolution on the first reflections on the 2009 Preliminary Draft Budget (PDB) and on the mandate for the conciliation of Section III of the budget (Commission).

The report, which was considerably amended in plenary, had been tabled for consideration in plenary by Jutta HAUG (PES, DE) on behalf of the Committee on Budgets.

The resolution text takes account of the changes set to take place in 2009 that will have a major impact on the budget. Some are linked to the entry into force of the Lisbon Treaty (the shift in the EP-Council balance of budgetary power in Parliament's favour) as well as the scrapping of the distinction between compulsory and non-compulsory spending. Others will follow from the 2009 European elections and the end of the present Commission's mandate.

PDB 2009: the PDB amounts to EUR 134 394.9 million in commitment appropriations and EUR 116 736.4 million in payment appropriations, leaving a margin of EUR 2 638.1 million under the ceiling in commitments and EUR 7 443.6 million in payments. Parliament note that the commitments entered in the 2009 PDB correspond to 1.04% of GNI, which is an overall increase of 3.1% compared to the 2008 budget and that the payments correspond to 0.90% of GNI, which is a decrease of 3.3% compared to the budget 2008.

Parliament also takes note of the priorities set out by the Commission in the PDB, namely: (i) supporting sustainable growth and job creation; (ii) continuing cohesion policy; (iii) combating climate change, promoting renewable energies and developing an energy policy characterised by independence and security; (iv) developing a common integration policy and creating a common area of justice; (v) supporting the Middle East peace process as well as stability in Kosovo and the wider Balkan region; (vi) supporting the supply of food aid and strengthening the environmental strand of development cooperation.

General reflections: Parliament expresses its conviction that the European Union must be equipped with the level of resources necessary to fully implement its current policies and activities and at the same time to have enough flexibility to meet new policy challenges. In this context, it points out that, as a result of the very small margins under the other ceilings of the MFF, in particular in headings 1a, 3b and 4, the Union's capacity to react to policy changes in budgetary terms is extremely limited. It considers it its responsibility as budgetary authority to ensure that the funding allocated to the EU budget is spent with a view to optimising the limited resources. Parliament intends to strive for a more ambitious, balanced and coherent budget in cooperation with, and taking into account the requests of, the specialised committees. It wishes to enter into a dialogue with the Council and Commission on the use of the means provided for in the IIA to reinforce funding for measures to combat climate change with a view to a comprehensive post-2012 agreement on climate change.

Parliament cannot always see a clear correlation between the Commission's political priorities, as described in its Annual Policy Strategy

(APS) and the PDB, and increases in the corresponding budget lines and policy areas. It is still not convinced that the climate change priority really is reflected throughout the budget as proposed by the Commission. It wishes to receive more precise information as to the methodology used to come to the conclusion that over 10% or EUR 14 billion, of the EU budget is spent on environmental targets.

Parliament states its interest in cooperating closely with the Council and the Commission to find an effective agreement on the energy and climate change package soon, including Carbon Capture and Storage (CCS) and notes that the EU needs to continue to demonstrate that economic growth and development can be reconciled with a low-carbon economy.

Parliament stresses the importance of clarity, consistency and transparency in the presentation of the EU budget. It deplores the fact that, at the moment, there is no clear indication of the exact changes made in a financial programming document newly presented compared to the previous one, nor of whether, or how, increases in a particular year are being compensated for or how back- and front-loadings are taking place. It considers this not in line with the provisions of the IIA and calls on the Commission to fulfil its obligations in this respect. It stresses that it is of particular importance to follow up the effects of front- and back-loading of multiannual programmes across the budget in order to ensure a coherent programming of commitments over the duration of the MFF.

Moreover, Parliament is surprised at the extremely low level of payment appropriations (EUR 116 736 million) proposed by the Commission, given that they amounted to EUR 126 500 million and EUR 129 100 million in 2007 and 2008 respectively.

The European Parliament examines each of the budgetary headings and makes the following observations:

- Sub-heading 1a: Parliament notes that PDB commitments for Competitiveness for Growth and Employment equal EUR 11 690 million, leaving a margin of EUR 82 million; this represents an increase of 5.5% compared to 2008. It welcomes the Commission's intention to undertake key actions in the field of job creation and support for innovation, small and medium-sized enterprises (SMEs) and research. It also intends to make sure that the necessary resources are provided (besides the Seventh Framework Programme) as energy efficiency is a key strategy for tackling the problem of climate change. It believes that, given the limited margin available in heading 1a, proper implementation and evaluation of ongoing pilot projects and preparatory actions should be the priority, but that the introduction of new pilot projects and preparatory actions has of course to remain possible.
- Sub-heading 1b: Parliament notes that PDB commitments for Cohesion for Growth and Employment increase by 2.5% to a total of EUR 48 414 million, leaving a margin of EUR 14 million only in the technical assistance envelope. It deplores the sharp decrease in payments which, compared to 2008, fall by 13.9% and states that it is not convinced of the reasons for the downward revision of payment level forecasts (-30% in ERDF convergence, -13% in ERDF regional competitiveness and employment, -85% in ERDF territorial cooperation and -50% in the Cohesion Fund). It states that the Commission should indicate if this sharp decrease is a direct, or indirect, result of the new Action Plan to strengthen supervision and shared management for structural actions, especially given that it could concern a lack of first level controls in the Member States. It intends to make sure that the necessary resources for cohesion policies will remain guaranteed in order to be able to deal with current and future challenges to the solidarity principle within the European Union.
- Heading 2: Parliament notes that PDB commitments for the Preservation and Management of Natural Resources are set at EUR 57 526 million, which is an increase of 3.5% compared to 2008, leaving a margin of EUR 2 113 million. It welcomes the increase of EUR 21 million for LIFE+, but notes with some regret that only part of this increase goes to intensified activities in the area of climate change. It calls on the EU to foresee for the budget 2009 the necessary means to face the new needs arising from the current food crisis. For rural development, Parliament notes that PDB commitments have decreased by 4% compared to 2008.
- Sub-heading 3a: Parliament notes that PDB commitments for Freedom, Security and Justice increase by 15% to EUR 839.1 million. Payments increase by 11.7%. It is concerned about the poor funding for the activity "Fundamental rights and justice" as well as the payments for the Agency for the Management of Operational Cooperation at the External Borders (FRONTEX).
- Sub-heading 3b: Parliament notes that PDB commitments for Citizenship total EUR 628.7 million, which is an increase of 1%, a tight margin of EUR 22 million. It deplores the fact that the increase proposed by the Commission under this sub-heading, covering vital policies with a direct impact on the everyday life of European citizens, is significantly lower than the average increase of commitment appropriations of 3.1%. It regrets, in particular, that especially those activities important for a citizens' Europe have received the smallest increase, or even suffered a decrease, compared to 2008. It also expresses its concern about the reductions proposed by the Commission for a number of budgetary lines under which communication activities are financed, particularly in the context of the tasks and new challenges in this area to be faced in 2009, such as the European elections or the possible entry into force of the Lisbon Treaty. Parliament considers that the core business of communication and information policy is to inform EU citizens on the actions and programmes realised by the EU. It states that a certain degree of harmonisation in presentation should allow for the development of a recognisable "EU trade mark" to be used in all communication measures. It recognises the need for coordination of the different communication policies implemented by the institutions and considers that Parliament's key role in this process is vital as it provides information to citizens about their rights which stem from the application of EU law.
- Heading 4: Parliament notes that commitments for the EU as a Global Player increase by 1.8% to EUR 7 440 million and that payments decrease by 6.6% to EUR 7 579 million. Parliament considers this a very ominous sign given that heading 4 is traditionally one of the most challenging areas in the Union's budget. It strongly condemns the vague budgeting approach chosen by the Commission which does not take at all into account the realistic needs to be expected in this area. It notes that, in consequence, the current margin of EUR 243.6 million seems to be a rather arbitrary figure. Parliament believes that this problem can only be addressed through a comprehensive revision of the MFF leading to increases in the heading 4 ceiling for the period 2009-2013. Parliament also notes that appropriations for Kosovo, the Middle East, food aid and macro-financial assistance will clearly not be sufficient to fulfil existing EU commitments in the world, let alone expected supplementary needs. It considers this unacceptable and calls for a new approach to expenditure for Palestine and Kosovo as well as for the European Union Police Mission (EUPOL) to Afghanistan. It calls urgently once again for clarification as to the total needs in heading 4, including the CFSP chapter. It repeats its conviction that neither Flexibility Instrument nor Emergency Aid Reserve must be diverted or misused to finance long-planned policies and activities of the EU. It points out with concern the growing world food crisis and the effects of climate change and underlines the need for the EU to be able to meet its commitments in respect of the supply of food aid and responding to disasters in developing countries. As regards the future European External Action Service, Parliament calls for the necessary budgetary appropriations to be made available gradually as the scope and the role of the new organisational structures becomes clearer.
- Heading 5: Parliament notes that the overall Administrative Expenditure proposed increases by 5% compared to 2008 and now amounts to a total of EUR 7 647.9 million (a minor margin of EUR 129.1 million). While welcoming the fact that the new posts requested by the Commission only concern the previously announced final tranche of 250 for "EU-2", Parliament notes that the proposed increase of administrative expenditure is still higher than the average for the whole budget. It reveals that it will scrutinise administrative expenditure in an interinstitutional context in order to investigate the needs of the institutions for 2009 and beyond. It

considers, despite the increase in information received, and the Commission's preliminary conclusions that executive agencies enhance the quality of EU programmes, that various financial/administrative consequences on heading 5 still require further clarification. Parliament is still concerned about the Commission's outsourcing tendencies and deeply regrets the lack of transparency which concerns the employment of national experts. It intends to examine the administrative appropriations and staffing requests for the other institutions with a view to increasing efficiency gains.

Pilot Projects and Preparatory Actions: Parliament regrets that, as a general principle, the Commission's PDB does not include any commitments for pilot projects and preparatory actions, so that these will need to be financed from the margins of the relevant MFF headings. It confirms its determination to use the full annual amounts provided for in the IIA, because it considers these projects and actions an indispensable tool for Parliament to pave the way for new policies that are in the interest of European citizens. It states its willingness to submit to the Commission before the parliamentary summer recess a first provisional list of its intentions as regards pilot projects and preparatory actions for the 2009 budget procedure.

Conclusions and mandate for the Conciliation: Parliament considers the following points to be of specific interest for the budget conciliation due to take place in July 2008:

- adequate level of payments;
- adherence to the principle of sound financial budgeting, in particular as regards a realistic picture of needs in heading 4;
- commitment by the Commission to submit, where the EU Solidarity Fund and the European Globalisation Adjustment Fund are concerned, amending budgets that have the mobilisation of these funds as their sole purpose in order to avoid any delay in the delivery of financial aid;
- adequate response to food aid and food security requirements;
- the provision by the Council of quantified information about the financial implications of its above-mentioned Presidency Conclusions in accordance with the provisions laid down by the Financial Regulation, in particular Article 28 thereof; is ready to enter into negotiations, including by having recourse to all the means provided by the IIA;
- state of play regarding the implementation of Point 44 of the IIA and of point 5(N) of the Action Plan towards an Integrated Internal Control Framework ([COM\(2006\)0009](#));
- sufficient resources for a citizens' Europe;
- provisional intentions of the budgetary authority with regard to pilot projects and preparatory actions;
- clarity of budget presentation, especially concerning administrative expenditure and human resources including outsourcing of tasks;
- adequate budgetary provision to enable a response to the EU priorities "competitiveness for growth and employment", "combating climate change in line with the Bali Action Plan and promoting a sustainable Europe" and "making a reality of the Common Immigration Policy";
- commitment from the Council to improve EU information strategy in a professional way and in close cooperation with Parliament and the Commission;

Lastly, Parliament strongly deplores the custom of the Council to make across-the-board cuts at its first reading of the EU budget without any precise reasons being provided. It looks to the Council to make arrangements for genuine political dialogue with Parliament during the 2009 budgetary procedure.